

OPTION A: 97.5% CAPITAL PROTECTED  
OPTION B: 92.5% CAPITAL PROTECTED

JULY 2015

## The Funds Bond 5

SELF-INVESTED PLANS

Warning: If you invest in Option A of this Bond you can lose 2.5% of the money you invest. If you invest in Option B of this Bond you can lose 7.5% of the money you invest.

**merrion**  
SOLUTIONS

Merrion Solutions is a division of Merrion Stockbrokers Limited. Merrion Stockbrokers Limited is regulated by the Central Bank of Ireland. Merrion Stockbrokers limited is a member of the Irish Stock Exchange and the London Stock Exchange.



Merrion Solutions is a division of Merrion Stockbrokers Limited developed with the needs and objectives of Irish Financial Brokers at the forefront of everything we do.

**There are two strands to the business:**

- We have developed an innovative **Structured Investments** business. Our Structured Investments business provide Investment Solutions that empower Financial Brokers and their clients in navigating a course from deposits back to normal investment portfolio construction.
- **myfunds:** We have created a Financial Broker friendly Stockbroking solution that combines Merrion's Investment Management and Stockbroking capability into one low cost, transparent and potentially tax efficient offering.

**For more information, please call (01) 2404188, email [solutions@merrion-capital.com](mailto:solutions@merrion-capital.com) or visit [www.merrionsolutions.com](http://www.merrionsolutions.com).**

# Merrion Structured Investments

Merrion Structured Investments is passionate about creating the **leading and most innovative Investment Solutions in the Irish market.**

We will create a series of **exciting new Investment Solutions for Financial Brokers and their clients each calendar quarter.**

Our Investment Strategies and Solutions are **Research Driven.** By combining the resources of Merrion Investment Managers, Merrion Stockbrokers and other leading international investment experts, our Investment Solutions have a **strong economic and investment logic** and represent international best practice in construction.

Merrion Structured Investments operates an **Open Architecture** platform i.e. we work with a broad range of Irish & International Bank counterparties. We work with **high quality investment grade counterparties** when selecting partners to provide Capital Protection or other Investment Risk Controlling or Reducing Mechanisms.

We focus on providing Investment Solutions with **liquidity.** Where possible, we will create the provision for investors to exit their investment prior to maturity should their circumstances change or if investment performance is higher or lower than anticipated.

Our quarterly Investment Solutions offer a **choice** of:

- 1. Investment Risk Levels:** From 2 to 5.
- 2. Investment Objectives:** Income, Capital Growth, Hedging Strategies etc.
- 3. Taxation Treatment:** Deposit Interest Retention Tax (DIRT), Capital Gains Tax (CGT) and Income Taxable investments.
- 4. Asset Classes:** Traditional Asset Classes such as equities, bonds and property and Alternative Asset Classes such as commodities, currencies, inflation, interest rates etc.
- 5. Investment Techniques:** Traditional Investment Techniques such as long only with Alternative Investment Techniques such as short selling, arbitrage, relative performance etc.

Our Investment Solutions are available to a **broad range of investor types**, all of whom can invest via our **myfunds** accounts as follows:

- Personal Investors.
- Pension Schemes: Small Self Administered Pension Schemes and Insured Self Directed or Self Invested Plans.
- Post Retirement Plans: Self Administered ARFs & AMRFs and Insured Self Directed or Self Invested ARF & AMRF Plans.
- Self Administered PRSAs.
- Companies, Credit Unions, Charities and other Not for Profit Organisations.
- Institutional Investors.

**Our Philosophy is the implementation of International Best Practice in Structured Investment Techniques for Financial Brokers and their investor clients in Ireland.**



# 1. Executive Summary of Indicative Terms

- The Funds Bond 5 (the Bond) is an **innovative** investment strategy designed for investors who wish to invest in a Structured Investment Strategy that **invests in a portfolio of leading international Absolute Return Funds** with **97.5% Capital Protection or 92.5% Capital Protection**. The Bond is suitable as part of the process of constructing a genuinely diversified investment portfolio.
- There are **2 Options for investors to choose from** with different levels of Capital Protection and different levels of Participation in the Underlying Investment
- Investments in Option A of the Bond are **97.5% Capital Protected** and Option B are **92.5% Capital Protected** by Bank of Ireland at Maturity. Investors in Option A will receive **90% Participation** and investors in Option B will receive **150% Participation** in the growth of the Underlying Investment at Maturity.
- The **Underlying Investment** of the Bond is an equally weighted portfolio of **4 leading international Absolute Return Funds** as follows:

<b>Standard Life Global Absolute Return Strategies Fund</b>	<b>Carmignac Patrimoine Fund</b>	<b>Bank of New York Mellon Global Real Return Fund (EUR)</b>	<b>Ethna Aktiv E Fund</b>
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- The Bond has a fixed **4 year, 11 month term** (the 'Term'). The Bond should only be considered by investors who will not require access to their money for a 4 year, 11 month Term, beginning on [21 August 2015] (the 'Start Date') and maturing on [21 July 2020] (the 'Maturity Date').
- Averaging: The closing level of the Bond will be based on **the average monthly value of the Underlying Investment over the final 12 months of the Term** (13 observations) on the [21st] day of each month.
- The **Minimum Investment in each option of the Bond is €25,000**.
- The closing date for applications is **14 August 2015** (the 'Closing Date').
- The base currency of the Bond is Euro.
- Bank of Ireland accepts no responsibility for the accuracy or otherwise of the information set out in this brochure nor has it verified the accuracy of such information other than the information directly relating to the Bank.

**Warning: This document is provided for information purposes only and is not considered to be an assessment of the suitability or appropriateness for any one investor or group of investors. The suitability or appropriateness of this product to your investment objectives or risk profile should be discussed with your Financial Broker before any investment in this product is made.**

**Warning: All of the terms outlined in this document are indicative and subject to change. The final terms will not be known until 21 August 2015. Your Financial Broker will confirm the final terms in the Confirmation Certificate issued shortly after the Issue Date on 28 August 2015. If the terms of the Bond have changed significantly on 21 August 2015 (i.e. the Participation Rate has fallen by 10% or more in the case of Option A or B), your Financial Broker will contact you again requesting a new instruction to proceed with the investment.**

## 2. Description of the Funds Bond 5

The Bond is designed for investors who wish to invest in a Structured Investment Strategy that invests in a portfolio of leading international Absolute Return Funds. The Bond is suitable as part of the process of constructing a genuinely diversified investment portfolio. There are 2 Options in the Bond for investors to choose from as follows:

**Option A of the Bond has:**

- 97.5% Capital Protection at Maturity.
- 90% Participation in the growth of the Underlying Investment added to the Capital Protected amount at Maturity.

**Option B of the Bond has:**

- 92.5% Capital Protection at Maturity.
- 150% Participation in the growth of the Underlying Investment added to the Capital Protected amount at Maturity.

**Warning: If you invest in this product, you will not have access to your money for 4 years, 11 months. The value of your investment may go down as well as up. You may get back less than you invest.**

**Warning: The Bond has a 4 year, 11 month Term. There is no guarantee that the Underlying Investment of the Bond will have appreciated sufficiently over the Term to generate a positive return.**

**Warning: If you invest in Option A of this Bond you could lose 2.5% of the money you put in. If you invest in Option B of this Bond you could lose 7.5% of the money you put in.**

### 2.1 Who is the Bond suitable for?

- The Bond was designed for Investors who wish to invest in a Structured Investment Strategy that invests in a portfolio of leading international Absolute Return Funds.
- Investors seeking 97.5% or 92.5% Capital Protection
- The Bond is a suitable investment as part of the process of constructing a genuinely diversified investment portfolio.

**The Bond is not suitable for investors looking for:**

- 100% Capital Protection.
- An Income.
- A liquid investment that could be accessed prior to the Maturity Date.

**Warning: If you invest in Option A of this Bond, you could lose 2.5% of the money you put in. If you invest in Option B of this Bond, you could lose 7.5% of the money you put in.**

## 2.2 The Underlying Investment

The Underlying Investment of the Bond is an equally weighted portfolio of 4 leading international Absolute Return Funds as follows:

### Fund 1: Standard Life Global Absolute Return Strategies Fund ('Standard Life Fund')

The Standard Life Investments GARS portfolio is a dynamic multi-asset strategy. It uses traditional and non-traditional sources of return to target a cash plus 5% annualised return over rolling three-year periods. In seeking to deliver this return, GARS is expected to exhibit between one-third and one-half of the risk of conventional equity portfolios, or 4%-8% volatility in normal market conditions.

GARS is managed by a team of over 35 investment professionals with an average of 17 years' investment experience. The team's key area of expertise is its ability to source, analyse and exploit a wide range of market return investment opportunities, while also independently harvesting performance from security selection sources.

Standard Life Investments developed GARS in November 2005 to satisfy the requirements of the company's own UK defined benefit pension plan. Since then GARS has delivered levels of return consistent with long-term equity investment but with significantly lower volatility than equities and low correlation to other asset classes. That is why GARS is today used by both institutional and retail clients worldwide.

#### GARS summary

- Absolute return investment objective seeking a targeted level of return over a rolling three-year period
- Provides global diversification across a range of traditional and non-traditional asset classes
- Strategies are chosen specifically to work well together, in positive and negative markets
- Proven global investment philosophy and process
- Experienced and stable portfolio management team
- Expected volatility of between 4% and 8% in ordinary circumstances
- Transparent portfolio positioning and comprehensive return attribution

Source: [http://www.standardlifeinvestments.com/S\\_GARS\\_FundGuide/getLatest.pdf](http://www.standardlifeinvestments.com/S_GARS_FundGuide/getLatest.pdf)

#### Past Performance:

The fund has achieved a return of 27.37% (5.73% annualised) since its inception on 26 January 2011 as described in the chart below:



Source: Bloomberg (26 January 2011 to 29 May 2015)

**Warning: Past performance is not a reliable guide to future performance.**

## Fund 2: Carmignac Patrimoine Fund ('Carmignac Fund')

A leading fund offering responsiveness and performance.

For over 26 years, Carmignac Patrimoine has been drawing on all of our expertise in international equity and bond management.

- Conviction-based management
- A vast investment universe offering performance opportunities
- High responsiveness enabling significant market movements to be exploited
- Long-term thematic approach with short-term tactical flexibility.

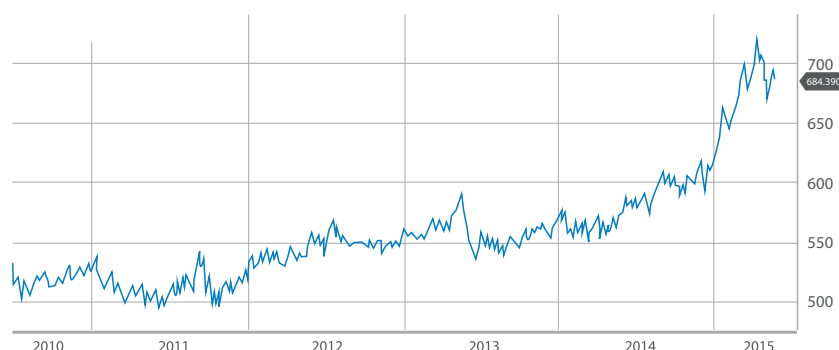
### Main Risks and Advantages

RISKS	BENEFITS
<p><b>Equity:</b> the net asset value of the Fund may decrease in the event of a variation on the equity markets.</p> <p><b>Interest Rate Risk:</b> Interest rate risk results in a decline in the net asset value in the event of a variation in interest rates.</p> <p><b>Credit:</b> Credit risk is the risk that the issuer may default.</p> <p><b>Currency:</b> Currency risk is linked to exposure to a currency other than the Fund's valuation currency.</p> <p>The Fund's capital is not guaranteed.</p>	<p>A leading fund recognised for its responsiveness and track record.</p> <p>An active, non-benchmarked fund seizing opportunities in equity and fixed income markets around the world.</p> <p>A team recognised for its bold, independent approach with more than 26 years of experience in both bond and equity markets.</p> <p>A proven track record going back 26 years with the same manager, Edouard Carmignac.</p> <p>Macroeconomic analysis combined with our long-term convictions</p>

Source: <http://www.carmignac.fr/en/carmignac-patrimoine-a-eur-acc>

### Past Performance:

The fund has achieved a return of 29.30% (5.37% annualised) over the last 4 years, 11 months as described in the chart below:



Source: Bloomberg (30 June 2010 to 29 May 2015)

**Warning: Past performance is not a reliable guide to future performance.**

### Fund 3: Bank of New York Mellon Global Real Return Fund (EUR) ('BNYMellon Fund')

**Investment Manager:** Newton Investment Management: Newton pursues a distinctive global thematic investment approach and provides added value from extensive proprietary research.

**Investment Objective:** A total return comprised of long-term capital growth and income by investing in a broad multi-asset portfolio.

**Performance Aim:** The Fund aims to deliver cash (1 Month USD EURIBOR) + 4 p.a. over 5 years before fees. However, a positive return is not guaranteed and a capital loss may occur.

#### General Information

Total net assets (million)	\$445.72
Lipper sector	Lippor Global - Mixed Asset USD Flex - Global
Fund type	ICVC
Fund domicile	Ireland
Fund manager	Suzanne Hutchins
Alternate	James Harries
Base currency	USD
Currencies available	USD
Fund launch	30 June 2009

Source: [http://www.bnymellonam.com/core/literature/datafile\\_datasheets/mgf/wholesale/english/BNY\\_mellon\\_global\\_real\\_return\\_fund\\_factsheet\\_USD.pdf](http://www.bnymellonam.com/core/literature/datafile_datasheets/mgf/wholesale/english/BNY_mellon_global_real_return_fund_factsheet_USD.pdf)

#### Past Performance:

The fund has achieved a return of 25.88% (4.79% annualised) over the last 4 years, 11 months as described in the chart below:



Source: Bloomberg (30 June 2010 to 29 May 2015)

**Warning: Past performance is not a reliable guide to future performance.**

### Fund 4: Ethna Aktiv E Fund ('Ethna Aktiv E')

Preserving capital and achieving long-term value is the goal of Ethna-AKTIV E. The fund is designed for investors who appreciate stability, value maintenance and liquidity of the fund's assets and who would also like to obtain a reasonable increase in value. This is achieved by an active management policy taking into account the current market situation as well as future developments. Consequently, Ethna-AKTIV E is based on an investment strategy that combines flexibility with balance. Following the principle of risk diversification, the Portfolio Management invests in liquid funds, bonds and, up to maximal 49%, in equities.



## Risk & Reward Profile

### Synthetic Indicator



**Description:** The historical data used for calculating the synthetic indicator are not reliable indication of the future risk and reward profile of the fund. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

**Reason for the categorisation:** This share has been placed in the aforementioned risk class because its unit price is subject to medium fluctuation, therefore the profit potential and loss exposure may be moderate.

### Opportunities

- Less exposure to fluctuations in value through the combination of several asset classes and the distribution of investment capital over a number of individual securities (diversification)
- Professional Portfolio Management with many years of experience
- Active risk management and hedging (emphasis on capital preservation)
- Active portfolio management with the objective of achieving positive yields even in weak market phases
- Stability and continuity thanks to a focus on fixed-interest securities
- Participation in the positive performances of equity and bond markets

### Risks

- Negative price developments for market, sector or company reasons in equity or bond investments of the fund; also due to general increases in yield and/or increased credit spreads of specific issuers of bonds
- General, geographic and geopolitical country risks; including the risk that the issuer of a bond, despite of his own solvency, fails to fulfill its obligations because of one state's missing or impaired ability or willingness to transfer to another
- Issuer, counterparty credit and default risks due to investments in bonds, stocks or hedging transactions; including the risk of insolvency resulting from over-indebtedness or bankruptcy of the issuer or a counterparty; a total loss of the respective investment vehicle is possible
- Exchange rate risks due to investments in foreign currencies or stocks and bonds which are denominated in a foreign currency
- The investor suffers a loss when selling the fund shares below the purchase price.

Source: [ethna.factsheetslive.com/en/funds/LU0136412771/factsheet.pdf](http://ethna.factsheetslive.com/en/funds/LU0136412771/factsheet.pdf)

### Past Performance

The fund has achieved a return of 32.05% (5.82% annualised) over the last 4 years, 11 months as described in the chart below:



Source: Bloomberg (30 June 2010 to 29 May 2015)

**Warning: Past performance is not a reliable guide to future performance.**

## 2.3 The Capital Protection Feature

The Bond is a **conservative** investment with:

Option A: 97.5% Capital Protection at the end of the Term.

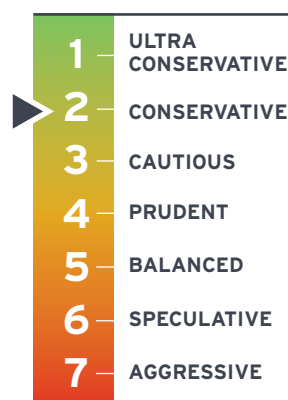
Option B: 92.5% Capital Protection at the end of the Term.

**Warning: If you invest in Option A of this Bond, you could lose 2.5% of the money you put in.  
If you invest in Option B of this Bond, you could lose 7.5% of the money you put in.**

**Warning: If you invest in this Bond you will not have any access to your money for the 4 year, 11 month term.**

## 2.4 Investment Strategy Risk Scale

Merrion Solutions considers Option A and Option B of the Bond to have a **risk score of 2** on its risk scale as follows:



## 2.5 How the Investment Returns are calculated?

### OPTION A:

At the Maturity Date, investors will receive back 97.5% of their initial capital invested plus 90% of the performance of the Underlying Investment.

The table below illustrates how the return is calculated if €100,000 is invested in 4 different investment return conditions:

Description	Example 1 Negative Return	Example 2 Neutral/No Return	Example 3 Positive Return 6% per annum	Example 4 Positive Return 8% per annum
Initial Amount Invested (€)	100,000.00	100,000.00	100,000.00	100,000.00
Increase in Underlying Investment Strategy (%)	-20%	0%	33.20%	46.04%
Participation Rate (%)	90%	90%	90%	90%
Projected Investment Return (%)	0%	0%	29.88%	41.43%
Projected Gross Investment Return Amount (€)	0.00	0.00	29,884.00	41,333.39
Return of Capital Protected Amount (€)	97,500.00	97,500.00	97,500.00	97,500.00
Projected Amount returned to Investors (€)	97,500.00	97,500.00	127,384.00	138,933.39
Compound Annual Rate (CAR) (%)	-0.51%	-0.51%	6.00%	8.00%

**OPTION B:**

At the Maturity Date, investors will receive back 92.5% of their initial capital invested plus 150% of the performance of the Underlying Investment.

The table below illustrates how the return is calculated if €100,000 is invested in 4 different investment return conditions:

Description	Example 1 Negative Return	Example 2 Neutral/No Return	Example 3 Positive Return 6% per annum	Example 4 Positive Return 8% per annum
Initial Amount Invested (€)	100,000.00	100,000.00	100,000.00	100,000.00
Increase in Underlying Investment Strategy (%)	-20%	0%	33.20%	46.04%
Participation Rate (%)	150%	150%	150%	150%
Projected Investment Return (%)	0%	0%	49.81%	69.06%
Projected Gross Investment Return Amount (€)	0.00	0.00	49,806.67	69,055.65
Return of Capital Protected Amount (€)	92,500.00	92,500.00	92,500.00	92,500.00
Projected Amount returned to Investors (€)	92,500.00	92,500.00	142,306.67	161,555.65
Compound Annual Rate (CAR) (%)	-1.57%	-1.57%	6.00%	8.00%

**Warning:** If you invest in Option A of this Bond you could lose 2.5% of the money you put in. If you invest in Option B of this Bond you could lose 7.5% of the money you put in.

**Warning:** These figures are estimates only. They are not a reliable guide to the future performance of this investment.

**Warning:** All of the terms outlined in this document are indicative and subject to change. The final terms will not be known until 21 August 2015. Your Financial Broker will confirm the final terms in the Confirmation Certificate issued shortly after the Issue Date on 28 August 2015. If the terms of the Bond have changed significantly on 21 August 2015 (i.e. the Participation Rate has fallen by 10% or more in the case of Option A or B), your Financial Broker will contact you again requesting a new instruction to proceed with the investment.

## 3. General Wealth Warnings

### Counterparty

**Warning:** If Bank of Ireland is not in a position to perform its role in the Bond as defined in the Terms & Conditions at the Maturity Date, this may impact the capital protection and/or potential investment return payable to the investor.

### Investment

**Warning:** The Bond has a 4 year, 11 month Term. There is no guarantee that the Underlying Investment of the Bond will have appreciated sufficiently over the Term to generate a positive return.

**Warning:** If you invest in Option A of this Bond you could lose 2.5% of the money you put in. If you invest in Option B of this Bond you could lose 7.5% of the money you put in.

**Warning:** All of the terms outlined in this document are indicative and subject to change. The final terms will not be known until 21 August 2015. Your Financial Broker will confirm the final terms in the Confirmation Certificate issued shortly after the Issue Date on 28 August 2015. If the terms of the Bond have changed significantly on 21 August 2015 (i.e. the Participation Rate has fallen by 10% or more in the case of Option A or B), your Financial Broker will contact you again requesting a new instruction to proceed with the investment.

### Liquidity

**Warning:** If you invest in this product, you will not have access to your money for 4 years, 11 months. The value of your investment may go down as well as up. You may get back less than you invest.

### Client Asset Requirements

**Warning:** Merrion Stockbrokers Limited will pool all client monies into a single Client Account in the name of the investing Life Company at Bank of Ireland for the purposes of the investment of each investor's monies in this Bond. This means that your client money is held as part of a common pool of money, so you have a claim against the client money pool in general. Merrion Stockbrokers Limited will maintain detailed records of the underlying client's funds balance. For more information please refer to the Section 6 of the Merrion Stockbroker's Terms of Business.

### The following documentation is required by investors for anti-money laundering purposes:

- **Proof of Identity**

Certified copy of passport or drivers license for each beneficiary signing the application form certified by any of the following: Garda, Accountant, Solicitor, Designated Body.

- **Proof of address**

Certified copy of utility bill, bank statement or revenue documentation for each person signing the application form not more than 6 months old.

- **Non-Personal Investors**

Documentary evidence of Tax Reference Number ('TRN') e.g. Certified copy of official correspondence from the Revenue Commissioners less than 6 months old.

Please refer to your Financial Advisor for more details.

Non-resident clients will be required to present verification of identity from a reputable financial institution in the client's country of residence.

## 4. Key Features

### How does the Bond work?

#### 1. The Parties Involved in the Bond are as follows:

##### The Product Producer is:

Merrion Stockbrokers Limited ('Merrion')  
2nd Floor  
Guild House  
Guild Street  
IFSC  
Dublin 1

#### 2. Brief Description of the Benefits of the Bond

##### The Bond has the following benefits:

Investors in Option A will receive 90% Participation and investors in Option B will receive 150% Participation in the growth of the Underlying Investment at maturity of the Term, if any.

**Capital Protection:** Option A: 97.5% of the initial amount invested in the Bond is protected on the Maturity Date of the Bond. Option B: 92.5% of the initial amount invested in the Bond is protected on the Maturity Date of the Bond.

**Term:** 4 years, 11 months from [21 August 2015] (the 'Start Date') to [21 July 2020] (the 'Maturity Date').

**Warning: If you invest in Option A of this Bond you could lose 2.5% of the money you put in. If you invest in Option B of this Bond you could lose 7.5% of the money you put in.**

**Warning: If you invest in this product you will not have any access to your money for the 4 year, 11 month Term.**

The Underlying Investment of the Bond is an equally weighted basket of the following leading international Absolute Return Funds:

Standard Life Global Absolute Return Strategies Fund	Carmignac Patrimoine Fund	Bank of New York Mellon Global Real Return Fund EUR	Ethna Aktiv E Fund
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Investors in Option A will Participate in 90% and investors in Option B will Participate in 150% of the increase in the Underlying Investment at the Maturity Date, subject to averaging.

**Closing Date:** 14 August 2015.

**Fees & Charges:** Merrion will receive a commission in relation to its production of the Bond. This commission will be dependent on the total amount invested and on

prevailing market conditions on the investment date of 21 August 2015. Assuming that the minimum subscription amount is raised and based on financial market conditions as at 24 June 2015, the indicative commission payable to Merrion will be 2% (Options A & B) of the total amount invested.

A Financial Broker does not receive a distribution commission from Merrion in relation to its distribution of the Bond.

Total upfront fees and charges are 2% (Options A & B) and these fees are fully reflected in the terms of this option in the Bond. The Bond does not have any annual or ongoing charges.

**Minimum Investment:** €25,000.

**Eligible Investors:** The Bond is available to Self-Invested Plans and open to Pension and Post-retirement investors only.

#### 3. Risk to Capital

Option A of the Bond is 97.5% Capital Protected at the Maturity Date.

Option B of the Bond is 92.5% Capital Protected at the Maturity Date.

**If you invest in Option A of this Bond you could lose 2.5% of the money you put in. If you invest in Option B of this Bond you could lose 7.5% of the money you put in.**

#### 4. Risk to Returns

The return on the Bond is dependent on the performance of the Underlying Investment which is not certain. There is no guarantee that the Underlying Investment will achieve the estimated or anticipated returns illustrated in this document, that it will achieve the returns achieved in the past or that it will achieve any investment return at all.

**Warning: All illustrated, estimated or anticipated return figures are estimates only. They are not a reliable guide to the future performance of this investment.**

**Warning: Past performance is not a reliable guide to future performance.**



## 5. Averaging:

The Bond has monthly averaging in the final 12 months of the 4 year, 11 month Term (13 observations). In the event of a significant fall in the value of the Underlying Investment during the final 12 months of the 4 year, 11 month Term, this monthly averaging can protect the value of the investment by reducing the impact of such a fall on the value of the Bond at the Maturity Date. However, in the event of a significant rise in the value of the Underlying Investment during the final 12 months of the 4 year, 11 month Term, this monthly averaging can reduce the value of the investment by reducing the impact of such a rise on the value of the Bond at the Maturity Date.

## 6. Dividends (the Bond):

The Bond does not benefit from any investment income or dividends that may be payable by the Underlying Investment. The Bond is suitable only as a capital growth investment.

## 7. Currency Risk:

The assets that constitute the funds within the Underlying Investment may have a currency denomination other than the Euro.

**Warning: The Bond may be affected by changes in currency exchange rates.**

## 8. Period to the date of the Capital Protection

Option A of the Bond is 97.5% Capital Protected at the end of the 4 year, 11 month Term on 21 July 2020. Option B of the Bond is 92.5% Capital Protected at the end of the 4 year, 11 month Term on 21 July 2020. The Capital Protection does not apply on any date before the Maturity Date at the end of the Term.

**Warning: The value of your investment can go down as well as up.**

**Warning: If you cash in your investment before 12 May 2020 you may lose some or all of the money you invest.**

## 9. Capital Protection

The 97.5% and 92.5% Capital Protection at maturity is provided by Bank of Ireland. Bank of Ireland's Long Term Credit Ratings at 26 June 2015: Moody's Baa2 (stable outlook), Standard & Poor's: BB+ (positive outlook) and Fitch: BB+ (positive outlook). Credit ratings are subject to change.

The Bond has been designed as a long term investment and should only be considered by investors who do not require access to their investment before the end of the 4 year, 11 month Term.

**If you invest in Option A of this Bond you could lose 2.5% of the money you put in. If you invest in Option B of this Bond you could lose 7.5% of the money you put in.**

**Warning: If Bank of Ireland is not in a position to perform its role in the Bond as defined in the Terms and Conditions on the Maturity Date, this may impact the Capital Protection and/or potential investment return payable to the investor.**

## 10. Leverage

The Bond does not involve leveraging.

## Where does my investment go?

### OPTION A:

If a sample investment of €100,000 is made, it will be used, at the date of investment on 21 August 2015, as follows:

€91,380	or 91.38% will be used to secure the promised payment of €97,500 payable after 4 years, 11 months. This is equivalent to a promised return on this part of the investment of 1.33% CAR before tax is deducted (if applicable).
€6,620	or 6.62% will be used to secure the cash bonus which may be payable after 4 years, 11 months.
€2,000	or 2% will be taken in charges.
€100,000	Total.

If the cash bonus is zero, the promised payment will represent a return of -2.5% (-0.51% CAR) on 100% of your total investment over the period to the date of the promised payment, before any tax is deducted (if applicable).

### OPTION B:

If a sample investment of €100,000 is made, it will be used, at the date of investment on 21 August 2015, as follows:

€86,980	or 86.98% will be used to secure the promised payment of €92,500 payable after 4 years, 11 months. This is equivalent to a promised return on this part of the investment of 1.28% CAR before tax is deducted (if applicable).
€11,020	or 11.02% will be used to secure the cash bonus which may be payable after 4 years, 11 months.
€2,000	or 2% will be taken in charges.
€100,000	Total.

If the cash bonus is zero, the promised payment will represent a return of -7.5% (-1.57% CAR) on 100% of your total investment over the period to the date of the promised payment, before any tax is deducted (if applicable).

**Warning: All of the terms outlined in this document are indicative and subject to change. The final terms will not be known until 21 August 2015. Your Financial Broker will confirm the final terms in the Confirmation Certificate issued shortly after the Issue Date on 28 August 2015. If the terms of the Bond have changed significantly on 21 August 2015 (i.e. the Participation Rate has fallen by 10% or more in the case of Option A or B), your Financial Broker will contact you again requesting a new instruction to proceed with the investment.**

## Do I have access to my investment?

The Bond has been designed as a long term investment and should only be considered by investors who do not require access to their investment before the end of the 4 year, 11 month Term. Investors will not have access to their capital prior to the end of the 4 year, 11 month Term.

**Warning: If you invest in this product you will not have any access to your money for the 4 year, 11 month Term.**

## What happens if I die before the Bond matures?

In the event of the death of a sole personal investor or surviving joint account holder prior to the expiry of the 4 year, 11 month Term, the account will continue to the Maturity Date in the name of the executor or administrator.

Alternatively, subject to the Bank's discretion, the Bond may be encashed prior to maturity, subject to normal probate regulations, at its current realisable value (determined by the Bank) which may be lower than the original amount invested and lower than the capital protected amount.

Where an investment is made on behalf of a Self Directed or Self Invested Insured Pension Plan, in the event of death of the investor prior to the expiry of the 4 year, 11 month Term, the Bond may be encashed early at its realisable value (determined by the Bank) which may be more or less than the capital protected amount. The proceeds from an early encashment as a result of death will be paid to the investing life company.

Where an investment is made on behalf of a non insured PRSA investor, in the event of death of the investor prior to the expiry of the 4 year, 11 month Term, the Bond will continue to the Maturity Date in the name of the executor or administrator of the beneficiary of the Bond in a manner consistent with normal probate rules.

**Warning: The value of your investment can go down as well as up.**

**If you invest in Option A of this Bond you could lose 2.5% of the money you put in. If you invest in Option B of this Bond you could lose 7.5% of the money you put in.**

**Warning: If you cash in your investment before 21 July 2020 you may lose some or all of the money you invest.**

**Warning: Deductions for charges and expenses are not made uniformly throughout the life of the product, but are loaded disproportionately onto the early period. If an investor withdraws from the**

**Bond as a result of death prior to the end of the 4 year, 11 month Term, the practice of front-end loading will impact on the amount of money that the investor receives. In the event of death, the executor, administrator or investing life company plan may not get back the full amount the investor invested or the 97.5% or 92.5% Capital Protected amount.**

## What about tax?

The Bond is available to Pension and Post Retirement Investors only. Our understanding is that the return on the Bond is payable to this type of investor without the deduction of Deposit Interest Retention Tax (DIRT) at source.

**Warning: The above information represents our understanding of the taxation treatment of the Bond but does not constitute tax advice. Investors should satisfy themselves independently of the taxation treatment of the Bond in their particular circumstances.**

**Warning: Investors should satisfy themselves independently in relation to revenue reporting requirements and the implications of non-disclosure where required.**

**Warning: DIRT rates and the application of DIRT are subject to change without notice.**

## 5. Terms & Conditions

### 1. Definitions

**'Account'** means a Merrion Stockbrokers Limited Client Account with the Bank in which your funds are held for the term of your investment (or for the benefit of the investing life company for pension investors via a Self Directed or Self Invested Insured Plan).

**'Bank'** means the Governor and Company of the Bank of Ireland and its successors, assigns and transferees.

**'Bond'** means the Funds Bond 5.

**'Capital Investment'** means the amount invested by you in the Bond.

**'Capital Protected Amount'** means 97.5% of the Capital Investment in the case of Option A and 92.5% of the Capital Investment in the case of Option B.

**'Change in law'** means any change in any law or regulation (including tax law) occurs or there is a change in the interpretation by the courts or regulator or similar authority of any such law that, in the view of the Bank and Merrion, would make it illegal for the Bank to hold hedge positions related to the Bond.

**'Closing Date'** means 14 August 2015.

**'Hedging Disruption Event'** means any event under which, in the Bank's reasonable opinion, it would be unable or commercially unfeasible for the Bank to acquire, establish, re-establish, substitute, maintain unwind or dispose of any transactions(s) or assets(s) necessary to hedge its obligations in relation to the Bond.

**'Underlying Investment'** means an equally weighted portfolio of 4 Funds as follows:

Standard Life Global Absolute Return Strategies Fund	Carmignac Patrimoine Fund	Bank of New York Mellon Global Real Return Fund EUR	Ethna Aktiv E Fund
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**'Investment Return'** shall mean the investment return payable in respect of the Bond in accordance with Clause 5.

**'Market Disruption Event'** means any of: (i) a disruption or suspension of, or limitation on, the operations of any of the parties or entities connected with the provision of services affecting the Bond, for any reason whatsoever; (ii) any cancellation or, in the view of the Bank and Merrion, material modification of the Index for any reason whatsoever which affects the Index or the value of any unit of the Index including, without limitation: a split, consolidation or reclassification of the units, or a distribution in the form of dividends which does not comply with the usual dividend policy of the Index, or any other similar event which requires an adjustment; (iii) the calculation and/or publication of the Index is taken over by another person, or is replaced by a successor asset, or an error in the level of the asset is discovered for any reason whatsoever or the asset ceases to exist.

**'Maturity Date'** means 21 July 2020.

**'Merrion'** means Merrion Stockbrokers Limited. Merrion Stockbrokers Limited is regulated by the Central Bank of Ireland. Merrion Stockbrokers Limited is a member of the Irish Stock Exchange and the London Stock Exchange.

**'Start Date'** means 21 August 2015.

**'Term'** means the 4 year, 11 month period from and including the Start Date to the Maturity Date.

**'You/your'** means the person(s) (natural or corporate) investing money in the Bond in accordance with these Terms and Conditions and includes their successors.

### 2. Availability

(a) The Bond is available to Self Invested Plans. The minimum deposit in each Option of the Bond is €25,000.

(b) The closing date for applications is 14 August 2015 or earlier if fully subscribed. Merrion accepts no responsibility for applications (i.e. completed application form(s) plus cleared funds and any other appropriate documentation if required) until they are physically received by Merrion. Applications will not be accepted after the closing date.

(c) All payments in relation to the Bond will be denominated in Euro.

(d) No interest will be paid to you in the period up to the Start Date of 14 August 2015.

### 3. Documentation Requirements

If you are not investing in the Bond on an execution only basis or if you are being advised by a Financial Broker, you must complete a full fact-find for your Financial Broker which is required in order to enable your Financial Broker to fulfil his/her obligations in assessing the suitability of this product for your needs. In addition, you will need to satisfy the anti-money laundering requirements and taxation documentation requirements outlined above. Your Financial Broker will issue you with a statement of suitability outlining the reasons why this Bond is consistent with your investment requirements.

### 4. Your Capital Investment

Option A of the Bond is 97.5% Capital Protected and Option B of the Bond is 92.5% Capital Protected at the Maturity Date. Your investment amount will be placed in a Merrion Stockbrokers Limited Client Asset Account with the Bank. The maturity proceeds of your investment will be returned to you or to the investing life company in the case of an investment by a Self Invested or Self Directed Pension Plan at the end of the Term together with any Investment Return.

### 5. Investment Return

(a) The potential Investment Return payable will be determined on the Maturity Date of the Bond. Option A: the Investment Return payable at the Maturity Date will be 90% of the uplift, if any, in the Index added to the 97.5% of the amount initially invested. Option B: the Investment Return payable at the Maturity Date will be 150% of the uplift, if any, in the Index added to the 92.5% of the amount initially invested.

(b) The Closing Level of the Index will be subject to averaging. This is calculated by taking the closing levels of this Index at the Observation Dates and taking their average closing level to provide the final Closing Level. The Observation Dates will be on the 21st day of each month, from 21 July 2019 and including 12 July 2020 (i.e. 13 observations in total) provided that if the date on which the observation is to be made hereunder is not a trading day for the Index, the averaging date will be the next following trading day for the Index.

Please note that averaging over the Term may have a negative impact on the investment return meaning that you may not receive the maximum benefit of any gains that may be made by the asset within the Index over the Term. However, averaging over the Term may also have the effect of protecting from the full extent of any losses that may be suffered within the asset that makes up the Index over the 4 year, 11 month Term.

(c) If any date mentioned in this Clause 5 does not fall on a day on which banks are open for business in London and Dublin, unless otherwise stated, the next following day on which they are open will be used in its place.

(d) The Investment Return earned on the Bond will be dependant on fluctuations in financial markets that are outside Merrion's and the Bank's control. Past performance or simulated past performance is not a reliable guide to future performance.

## 6. Withdrawals

(a) Your investment is a fixed investment for the term of the Bond and is intended only for investors who do not require access to their investment prior to its maturity.

(b) In the event of the death of the investor prior to the expiry of the term, the Bond may be encashed early at its realisable value (determined by the Bank) which may be more or less than the Initial Capital Amount invested and/or the 97.5% Capital Protected Amount in the case of Option A or the 92.5% Capital Protected Amount in the case of Option B. The proceeds from an early encashment as a result of death will be paid to the investing life company.

No additional investments are allowed during the term of the Bond.

## 7. Disclaimer

Reference within the Underlying Investment to particular assets, stocks or indices are included only to indicate the basis upon which the Investment Return is calculated, not to indicate any association between the Merrion or the Bank and the relevant asset or the relevant fund provider, nor does such reference indicate any endorsement of the investment by the relevant provider. The Bond is not in any way sponsored, sold or promoted by any fund manager, stock market, index, exchange or, index sponsor, and they make no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of such stock market and/or the figure at which the

fund, stock market, index or exchange stands at any particular time on any particular day or otherwise. They shall not be liable (whether in negligence or otherwise) to you for any error in the relevant fund, stock market, relevant index or related exchange and shall not be under any obligation to advise any person of any error therein.

## 8. Tax

The investment is held in the form of a deposit account. Under current legislation, the interest on the Bond, if any, paid to investors who are Irish resident at maturity will be subject to Deposit Interest Retention Tax of 41%. This tax deduction will apply at the maturity of the investment and will be made at source by the Bank. Tax liability and other matters referred to are as applicable under current legislation, which may change, and their applicability will depend on Investor's individual circumstances.

Certain non-residents, pension funds, charities, credit unions and companies may apply to receive returns gross without deduction of tax. Investors are responsible for providing any information or documentation necessary to confirm status.

All investors must accurately disclose all material facts. Investors are responsible for providing any information or documentation necessary to confirm non-residency, pension fund, charity, company etc status. Investors must satisfy themselves in relation to all revenue reporting and disclosure requirements and the implications of any such non-disclosure.

## 9. Maturity

The proceeds of your investment will be paid shortly after 21 July 2020. Your Financial Broker will contact you before the Bond matures, advising you of the forthcoming Maturity Date and advising you of your options with respect to the maturing amount.

## 10. Right to Terminate Contract

You have the right to cancel this contract prior to the Closing Date of the Bond.

## 11. Variation

Merrion reserves the right to amend these Terms and Conditions, subject to the written consent of the Bank, during the 4 year, 11 month Term of the Bond if there is a material, legal, tax or regulatory change affecting these Terms and Conditions. Your Financial Broker will notify you of any changes at least 30 days in advance of changes taking effect.

## 12. Fees

Merrion receives a fee for producing this Bond. An authorised Financial Broker receives a fee for distributing this Bond. These fees are set out in the Key Features part of this Brochure and are reflected in the terms of the investment.

## 13. Confidentiality

Merrion and the Bank observe a duty of confidentiality about your financial affairs. Neither Merrion nor the Bank will disclose details of your investment or your name and address to anyone else, other than to any confidentially appointed agents acting on their behalf or where:

- They are permitted or compelled by law to do so.
- Disclosure is made at your request and with your consent.
- There is a duty to the public to disclose.
- Their legitimate interests require disclosure.

## 14. Deposit

By investing in the Bond, you neither hold the securities which are constituents of the relevant funds nor benefit from any dividends paid on those funds' assets. Your Investment Amount is held on deposit in a Merrion Stockbrokers Limited Client Asset Account with the Bank at all times.

## 15. Representation

The contents of this Brochure are the responsibility of Merrion. Bank of Ireland is acting as a deposit taker only and is not liable for any of the responsibilities or actions of the Product Producer or any Financial Broker to an investor in this product. The Bank is not offering to provide and has not provided financial or tax advice to any investor, Merrion as Product Producer or any Financial Broker. It is making no representation as to the terms of this product or to its likely future performance. Any such statements will be those of Merrion as Product Producer only.

## 16. Adjustment Events

Should any Market Disruption Event, Change in Law or a Hedging Disruption Event (each an 'Adjustment Event') occur during the 4 year, 11 month Term, Merrion shall be entitled, after consultation with the Bank and at its absolute discretion, (i) to change any or all of the underlying funds in the Underlying Investment; (ii) to unwind the Bond at the then current market value; (iii) to suspend operations of the Bond during any period in which such event continues and thereafter until the end of the Term; (iv) to adjust any relevant terms of the Bond to preserve the economic equivalent of your investment prior to the occurrence of such Adjustment Event; or (v) to adjust the values used in the calculation of the Investment Return as it deems appropriate, having regard to the Adjustment Event in question.

As a result of any such Adjustment Event, the Investment Return (if any) may be lower. In the event of a suspension of the Bond, the Bank shall arrange for the investment accrued to be placed on deposit for the aforesaid period, on terms to be agreed between Merrion and the Bank at their absolute discretion. Merrion will notify the investors

of the occurrence of any such event in such manner as Merrion deem appropriate. Neither Merrion, the Bank, nor their agent(s) shall be liable for any loss howsoever suffered by the investor if there is any total or partial failure of performance resulting from any such Adjustment Event or any other causes beyond the control of Merrion, the Bank or their agent(s).

## 17. Information

These Terms & Conditions represent the terms of the contract between you and Merrion. You acknowledge that your application is made on the basis of and is subject to, these Terms & Conditions and the attached brochure and that you have not relied on any representations or other information (whether oral or written) other than as set forth herein. All information that is supplied to you and all communications with you will be in English. The information contained in this brochure is correct at the date sent to you.

## 18. Assignment

The Bond may not be assigned, charged or otherwise dealt with without the prior written consent of the Bank.

## 19. Jurisdiction

The Terms and Conditions shall be governed by and construed in accordance with the laws of Ireland and the Courts of Ireland shall have exclusive jurisdiction to resolve any disputes in connection with these Terms and Conditions.

## 20. Deposit Protection Scheme

This is a deposit investment and Bank of Ireland is the underlying deposit taker. Depending on your circumstances the provisions of the Irish Deposit Guarantee Scheme (DGS) may apply while qualifying funds are on deposit with Bank of Ireland. Details of the DGS are available at [www.consumerhelp.ie](http://www.consumerhelp.ie).

### Complaints Procedure

Merrion aims to provide the highest quality of customer service at all times. If you have any complaint, please contact Merrion Compliance, 2nd Floor, Guild House, Guild Street, IFSC, Dublin 1.

If you are dissatisfied with the outcome of our efforts to resolve your complaint you may refer your complaint to the Financial Services Ombudsman's Bureau, 3rd Floor, Lincoln House, Lincoln Place, Dublin 2.

Lo Call: 1890 88 20 90;

Telephone (01) 6620899; Fax (01) 6620890.

e-mail: [enquiries@financialombudsman.ie](mailto:enquiries@financialombudsman.ie)



## Bond Application Form

Please note that by signing this Application Form, you are confirming that you have read and understood the material in this Brochure and have received advice from your Financial Broker in relation to the suitability of this investment for you. If you are unclear about any of the information presented in this Brochure or about the suitability of this investment for you, please seek further advice from your Financial Broker before completing this Application Form.

Please complete in block capitals and return along with your **cheque/draft made payable to Merrion Stockbrokers Limited** (or the investing life company where an investment is made on behalf of a Self Directed or Self Invested Insured Pension Plan). Prior to any transaction being entered into, a completed Application Form must be received.

**I/We hereby apply for the Funds Bond 5 in the name(s) of:**

<b>Plan Name:</b>	Plan No:
Beneficiary Name:	Beneficiary Date of Birth:
Beneficiary Address:	
Beneficiary Tel Number:	Mobile Number:
Beneficiary Email:	Beneficiary Nationality:

\*In accordance with Irish Revenue Commissioners requirements, we are obliged to ask every person opening an account to provide their current PPS/TRN number and to supply documentation verifying same.

**I/We wish to invest € \_\_\_\_\_ in Option A of the Funds Bond 5 (97.5% Capital Protected).**

**I/We wish to invest € \_\_\_\_\_ in Option B of the Funds Bond 5 (92.5% Capital Protected).**

**€25,000 Minimum Investment Amount in each Option.**

**I/We qualify for the following taxation classification:**

**Please tick appropriate box:**

- ☐ DIRT
- ☐ Other\*

\*Relevant documentation will be required for tax-free status in the case of charities, pension funds, credit unions, companies and non-Irish residents etc.

**Investor Declaration:** I declare that (i) the details above are correct, that I am over 18 and confirm that I understand and accept the Key Features and Terms & Conditions on the Bond set out in this brochure are consistent with my risk profile and investment objectives. I understand that I can lose 2.5% of the amount invested in this Bond in the case of Option A and 7.5% of the amount invested in the case of Option B and that I may not access the money invested in this Bond during the 4 year, 11 month Term. I understand that the investment will not be deemed to have been made until the application has been accepted and that, if and when accepted, the investment will commence on 21 August 2015.

I/We hereby request and authorise you: (a) to place my/our Capital Investment in a Client Asset Account in the name of the investing Life Company with Bank of Ireland and (b) to provide Bank of Ireland with my/our personal data as required for the purposes of administering the account.

**Giving your consent** - By signing this application I am/we are agreeing that Merrion Stockbrokers Limited may use my/our information in the way described in this form and in the associated Terms and Conditions.

Beneficiary Signature:

Date:

## FATCA

The Foreign Account Tax Compliance Act (FATCA) is an initiative introduced by the US government aimed at combating tax evasion by US citizens, US tax resident individuals/entities and certain entities with US controlling persons, holding assets or investments through foreign accounts.

The Irish government signed an Inter-Governmental Agreement (IGA) with the US government, under which the Irish government agreed to apply the provisions of FATCA. The provisions of the IGA have been incorporated into Irish law.

Under FATCA, financial institutions in Ireland are obliged to obtain and when required report specified information in relation to certain accounts held by US citizens, US tax resident individuals/entities and certain entities with US Controlling Persons to the Irish Revenue for onward transmission to the US Internal Revenue Service (IRS). For more information on FATCA see [www.revenue.ie](http://www.revenue.ie) or [www.irs.gov](http://www.irs.gov).

Please complete the sections below as directed. Please note that in certain circumstances we may be obliged to share this information with the relevant tax authority.

**Individual Self-certification** - to be completed by individual investors, including joint holders.

Declaration of U.S. Citizenship or U.S. Tax Residence

Please tick either (a) OR (b) and provide the necessary information.

(a) ☐ I confirm that I am a U.S. Citizen and/or resident in the U.S. for tax purposes and my U.S federal taxpayer identifying number is as follows:

U.S. TIN: \_\_\_\_\_

OR

(b) ☐ I confirm that I am NOT a U.S. Citizen or resident in the U.S. for tax purposes.

**Entity Self-certification** - to be completed by all entity investors - corporate, financial institutional, nominees etc.

Declaration of U.S. Citizenship or U.S. Tax Residence

Please tick either (a) OR (b) and provide the necessary information.

(a) ☐ I confirm that the entity is a Specified U.S. Person and its U.S federal taxpayer identifying number is as follows:

U.S. TIN/GIIN: \_\_\_\_\_

OR

(b) ☐ I confirm that the entity is NOT a Specified U.S. Person.

**Warning:** If you invest in Option A of this Bond you could lose 2.5% of the money you put in. If you invest in Option B of this Bond you could lose 7.5% of the money you put in.

**Warning:** If you invest in this product, you will not have access to your money for 4 years, 11 months. The value of your investment may go down as well as up. You may get back less than you invest.

**Financial Broker Declaration:** I/We confirm the following:

Having conducted a full review of this investor's financial circumstances, that this Bond is consistent with the investor's investment objectives and attitude to investment risk. We have complied in full with the Anti Money Laundering (AML) and combating terrorist system that applies to all designated bodies with effect from 15 July 2010. Where an investor has been identified as potentially vulnerable, we have followed our internal procedures in this regard.

Firm Name:

Advisor Name:

Date:

Financial Broker Signature:

Date



Merrion Solutions,  
2nd Floor, Guild House,  
Guild Street, IFSC, Dublin 1.

[www.merrionsolutions.com](http://www.merrionsolutions.com)

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